

CITY OF HOMER
HOMER, ALASKA

RESOLUTION 99-03

A RESOLUTION BY THE CITY COUNCIL OF HOMER, ALASKA, ELECTING TO PARTICIPATE IN THE RETIREMENT INCENTIVE PROGRAM (PROGRAM), CHAPTER 4, FIRST SPECIAL SLA 1996, AS AMENDED BY CHAPTER 92, SLA 1997, AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE ADMINISTRATOR OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) TO FUND THE COST OF PARTICIPATION IN THE PROGRAM.

WHEREAS, the City of Homer finds it necessary to reduce costs in the period of declining revenues; and,

WHEREAS, the City of Homer is seeking ways to reduce costs without having to layoff or terminate qualified employees; and,


WHEREAS, the City of Homer is an employer in the PERS and is eligible to participate in the Program under Chapter 4, First Special SLA 1996, as amended by Chapter 92, SLA 1997, which took effect on July 1, 1996.

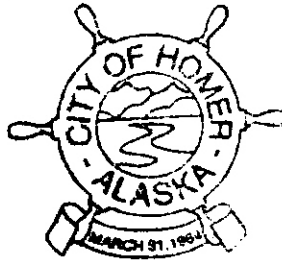
NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, THE FOLLOWING:

1. for the purposes of Chapter 4, First Special SLA 1996, as amended by Chapter 92, SLA 1997, the Program, the City of Homer is designated as eligible to participate in the Program and all eligible employees in the Unit may participate in the Program if they so choose;
2. through its participation in the Program there will be an overall personal services cost savings to the Employer sufficient to fund each eligible employee's participation in the Program;
3. it is understood that the total cost for designating the City of Homer as eligible to participate in the Program is \$25,528 (prior to final adjustments) and must be paid to PERS within three (3) years;
4. it is understood that an administrative fee of \$255 (one percent of the total cost in 3 above) will be paid to PERS within 30 days of the signing of the agreement; and
5. the City Manager of the City of Homer is authorized to enter into a financial agreement with the PERS to implement the Program and to commit EMPLOYER funds for the cost of the Program.

PASSED AND ADOPTED BY THE CITY COUNCIL OF HOMER, ALASKA THIS 25TH DAY
OF JANUARY 1999.

CITY OF HOMER


JACK CUSHING, MAYOR



ATTEST:


MARY L. CALHOUN, CMC, CITY CLERK

Fiscal information attached:

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Retirement Incentive Program
SB 1003
Agreement

Agreement between the Public Employees' Retirement System (hereinafter referred to as the System) and the City of Homer (hereinafter referred to as the Employer) relating to participation of the Employer's employees in the Retirement Incentive Program (hereinafter referred to as the Program).

WHEREAS, the Employer has agreed to participate in the provisions of Chapter 4, First Special SLA 1996, as amended by Chapter 92, SLA 1997, by designating the City of Homer (hereinafter referred to as the Unit) as an organizational unit eligible to participate in the Program; and

WHEREAS; each designated employee under this agreement may apply during the application window from March 1, 1999 through March 30, 1999; and any employee electing retirement under this program must be retired no later than October 1, 1999; and

WHEREAS, the Employer has attached to this agreement:

1. A listing of all employees eligible under this agreement which includes:
 - a. each employee's name
 - b. each employee's Social Security number;
 - c. an indication next to each eligible employee's name as to whether or not that employee has irrevocably waived his or her right to participate in the Program; and
 - d. the cost of participation in the Program for each employee who has not waived the right to participate in the Program; and
 - e. The amount of savings for each employee.
2. Signed waivers for those employees who have irrevocably waived their right to participate in the Program.

THEREFORE, the Employer and System agree as follows:

1. The System shall perform all acts as required or authorized by the provisions of the Act including the processing and appointment to retirement of all employees in the Unit who are eligible, who have not waived the right to participate, and who make timely application as required under the Act.

2. The Employer is indebted to the System for the cost of the incentive for all employees in the Unit who retire under the Program. That amount may be as much as \$25,528.

The Employer is also indebted to the System for the costs of administration of the Program, first installation of which is payable within thirty (30) days of signing this agreement. That first installment is equal to one percent of the maximum cost of the Program and is: \$255. Interest, at the System rate, will accrue on any unpaid administration fees past the thirty (30) day payment deadline. Additional payments for costs of administration may be required, but in no case will the total exceed two percent of the maximum cost of the Program.

3. The Employer agrees to reimburse the System in the following manner:
 - a. an initial payment of \$255 (which is equal to or greater than the first installment of the administrative fee), before February 26, 1999 and if any indebtedness remains,
 - 1) for all Program costs as identified in 2 resulting from those designated employees who actually retire under the Program. Payments equal to at least one-third (1/3) of the total original indebtedness must be paid by August 1 of each fiscal year following the end of the retirement window. Interest, at the system rate, will be charged beginning on the 31st day following the date that the final installment of the employer cost is payable.
 - b. a lump sum equal to the sum of the participant costs and the payment of administrative costs specified in number two above. It is agreed that any adjustments resulting in either additional costs or refunds will be made after the close of the window period.
4. It is understood and agreed by both parties that amounts owed the System under this agreement take priority over other obligations of the Employer to the maximum extent permitted by law, and that any amounts due the Employer from the State may be attached by the System.

Estimated Savings

Number of designated employees:	<u>1</u>
Total cost if designated employees remain for 3 years	<u>\$325,689</u>
Deduct estimated cost to replace employees over 3 years	<u>\$281,204</u>
Gross savings over the 3 year period:	<u>\$ 44,485</u>
Deduct total estimated employer costs of Program:	<u>\$ 25,528</u>
Deduct 1% Admin Fee to PERS:	<u>\$ 255</u>
Net Savings:	<u>\$ 18,702</u>

For the Employer:

Signature of Designated Employer Agent
Val Koeberlein, City Manager

Date

For the Retirement System:

Signature of Administrator

Date

01-18-99

City of Homer
State of Alaska RIP - Summary

Eligible Employees	SS #	Depart.	Projected Cost	Replacement Cost	Gross Savings	Employer Cost	Projected 3 Year Savings
Koeberlein, Val		Admin.	325,689	281,204	44,485	25,528	18,957
Subtotals			325,689	281,204	44,485	25,528	18,957
PERS Admin. Fee 1%						255	(255)
TOTALS			325,689	281,204	44,485	25,783	18,702